

REPRESENTATIVE FOR PETITIONERS:

Henry L. Antonini, Attorney

REPRESENTATIVE FOR RESPONDENT:

Michael West, Vigo County Reassessment Supervisor

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**BEFORE THE  
INDIANA BOARD OF TAX REVIEW**

BASS ENTERPRISES, LLC & VCA, LLC, )	Petition No.:	84-010-15-1-5-00952-16
)		
Petitioners, )	Parcel No.:	84-07-11-379-007.000-010
)		
v. )	County:	Vigo
)		
VIGO COUNTY ASSESSOR, )	Township:	Lost Creek
)		
Respondent. )	Assessment Year:	2015

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Appeal from the Final Determination of the  
Vigo County Property Tax Assessment Board of Appeals

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**August 15, 2017**

**FINAL DETERMINATION**

The Indiana Board of Tax Review (Board), having reviewed the facts and evidence, and having considered the issues, now finds and concludes the following:

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

**ISSUE**

1. Did the Petitioners prove the 2015 assessment was incorrect?

## **PROCEDURAL HISTORY**

2. The Petitioners initiated their 2015 appeal with the Vigo County Assessor on October 2, 2015. On March 22, 2016, the Vigo County Property Tax Assessment Board of Appeals (PTABOA) issued its determination denying the Petitioners relief. On April 14, 2016, the Petitioners timely filed a Petition for Review of Assessment (Form 131) with the Board.
3. On May 17, 2017, the Board's administrative law judge, Patti Kindler (ALJ), held a hearing on the petition. Neither the Board nor the ALJ inspected the subject property.

## **HEARING FACTS AND OTHER MATTERS OF RECORD**

4. Attorney Henry L. Antonini appeared for the Petitioners. Vigo County Reassessment Supervisor Michael West appeared for the Respondent and was sworn. Anthony Avenatti, owner of Bass Enterprises, was sworn as a witness for the Petitioners.
5. The Petitioners submitted the following exhibit:  

Petitioners Exhibit 1:	Certified appraisal of the subject property prepared by John Adamson with an effective date of March 1, 2015.
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6. The Respondent did not submit any exhibits.
7. The following additional items are recognized as part of the record:  

Board Exhibit A:	Form 131 with attachments,
Board Exhibit B:	Hearing notice dated April 4, 2017,
Board Exhibit C:	Hearing sign-in sheet,
Board Exhibit D:	Notice of Appearance for Mr. Antonini.
8. The property under appeal is a single-family residence located at 2198 North Main Street in Terre Haute.
9. The PTABOA determined the total assessment is \$38,700 (land \$7,700 and improvements \$31,000).

10. The Petitioners requested a total assessment of \$15,000 (land \$2,000 and improvements \$13,000).

#### **JURISDICTIONAL FRAMEWORK**

11. The Board is charged with conducting an impartial review of all appeals concerning: (1) the assessed valuation of tangible property, (2) property tax deductions, (3) property tax exemptions, and (4) property tax credits that are made from a determination by an assessing official or a county property tax assessment board of appeals to the Board under any law. Ind. Code § 6-1.5-4-1(a). All such appeals are conducted under Ind. Code § 6-1.1-15. *See* Ind. Code § 6-1.5-4-1(b); Ind. Code § 6-1.1-15-4.

#### **OBJECTIONS**

12. It is not clear if Mr. West intended to “object” to the admittance of Petitioner Exhibit 1, the certified appraisal. When the appraisal was offered, Mr. West stated that while he “objected” to the “content” of the appraisal, he did “not object to its admittance.” To the extent Mr. West was intending to object to the exhibit on the grounds of relevance, the objection is overruled because it goes to the weight of the evidence rather than its admissibility.
13. Mr. West also stated “the county does note the Petitioners (did opt out of small claims) that (sic) does require an exchange of evidence prior to the hearing date and we know that neither the county nor the Petitioners provided evidence to the other party prior.” Because the Petitioners elected to opt out of the Board’s small claims process they were required to exchange copies of their documentary evidence at least five business days prior to the hearing. 52 IAC 2-7-1(b)(1). The exchange requirement allows parties to be better informed and to avoid surprises, and it also promotes an organized, efficient, and fair consideration of the issues at the hearing. Failure to comply with this requirement can be grounds to exclude evidence. 52 IAC 2-7-1(f). However, the Board may waive

the evidence-sharing requirements for materials that were submitted or made part of the record at the PTABOA hearing. 52 IAC 2-7-1(d).

14. Again, it is not clear if Mr. West meant his statement to be an objection, but to the extent that he did, the Board overrules his objection. The purpose of the evidence exchange requirement is to allow parties to be informed, avoid surprises, and promote an organized, efficient, fair consideration of cases. Mr. West should not have been surprised by the appraisal report because it was attached to the Petitioners' Form 131 and Mr. West should have expected the Petitioners to offer the evidence at hearing. Further, Mr. West was able to offer arguments and "objections" to the content of the appraisal. Accordingly, the Petitioners' exhibit is admitted.<sup>1</sup>

#### **PETITIONERS' CONTENTIONS**

15. The subject property's assessment is too high. The Respondent erroneously utilized the gross rent multiplier (GRM) to value the property. The GRM method is not an appropriate method for valuing "low-income, low-quality, high-maintenance property." The GRM method "does not take into consideration the higher than normal cost of maintenance (of a) low-value property" similar to the subject property. Additionally, the GRM fails to take into account the cost to bring it "up to habitability" and maintain it in "habitable condition." *Antonini argument; Avenatti testimony.*
16. In an effort to prove the property was over assessed, the Petitioners offered a certified appraisal. The appraisal was prepared by appraisal trainee John Adamson and signed by supervisory appraiser Kyle Shoults. Both appraisers were "aware" that Bass Enterprises is a corporation that purchases various properties for an income stream. By relying on the sales-comparison approach, Mr. Adamson valued the subject property at \$15,000 as of March 1, 2015. Mr. Adamson selected comparable sales and adjusted the sales prices to \$20,000, \$16,500 and \$7,000 respectively. Mr. Adamson did not consider the cost or

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<sup>1</sup> It is not clear if the appraisal was submitted at the PTABOA hearing.

income approaches, stating that they were “not necessary for credible assignment results.” *Avenatti testimony; Pet’rs Ex. 1.*

17. Mr. Avenatti, a licensed appraiser with 40 years of experience, testified that the comparable sales utilized in the appraisal, as well as the appraisal itself, “appear accurate.”<sup>2</sup> Granted, two of the sales may be located “further away” from the subject property, Mr. Avenatti explained that the subject property is located on the east side of Terre Haute where there are “very few low-end income type properties.” *Avenatti testimony; Pet’rs Ex. 1.*

#### **RESPONDENT’S CONTENTIONS**

18. The subject property is correctly assessed. The property was assessed utilizing the GRM method and the income approach to value. The GRM is a “fair representation of the assessed value” of the property. *West argument.*
19. The Petitioners’ appraisal is flawed because the appraiser failed to develop the income approach to value. In fact, the appraisal failed to mention the property is income-producing.<sup>3</sup> *West argument (referencing Pet’rs Ex. 1).*

#### **BURDEN OF PROOF**

20. Generally, the taxpayer has the burden to prove that an assessment is incorrect and what the correct assessment should be. *See Meridian Towers East & West v. Washington Twp. Ass’r*, 805 N.E.2d 475, 478 (Ind. Tax Ct. 2003); *see also Clark v. State Bd. of Tax Comm’rs*, 694 N.E.2d 1230 (Ind. Tax Ct. 1998). The burden-shifting statute as amended by P.L. 97-2014 creates two exceptions to that rule.

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<sup>2</sup> As previously referenced, Mr. Avenatti is also the owner of Bass Enterprises. Mr. Avenatti did not perform the appraisal for this appeal.

<sup>3</sup> While Mr. West questioned Mr. Avenatti regarding the distance between the subject property and the comparable properties utilized the sales-comparison approach, Mr. West did not specifically argue that the comparable properties are located too far away to be valid comparisons.

21. First, Ind. Code § 6-1.1-15-17.2 “applies to any review or appeal of an assessment under this chapter if the assessment that is the subject of the review or appeal is an increase of more than five percent (5%) over the assessment for the same property for the prior year.” Ind. Code § 6-1.1-15-17.2(a). “Under this section, the county assessor or township assessor making the assessment has the burden of proving that the assessment is correct in any review or appeal under this chapter and in any appeals taken to the Indiana board of tax review or the Indiana tax court.” Ind. Code § 6-1.1-15-17.2(b).
22. Second, Ind. Code § 6-1.1-15-17.2(d) “applies to real property for which the gross assessed value of the real property was reduced by the assessing official or reviewing authority in an appeal conducted under IC 6-1.1-15.” Under those circumstances, “if the gross assessed value of real property for an assessment date that follows the latest assessment date that was the subject of an appeal described in this subsection is increased above the gross assessed value of the real property for the latest assessment date covered by the appeal, regardless of the amount of the increase, the county assessor or township assessor (if any) making the assessment has the burden of proving that the assessment is correct.” Ind. Code § 6-1.1-15-17.2(d). This change was effective March 25, 2014, and has application to all appeals pending before the Board.
23. Here, the parties agree the total assessment did not increase by more than 5% from 2014 to 2015. In fact, the Petitioners’ representative stated the burden was with the Petitioners. Thus, the burden shifting provisions of Ind. Code § 6-1.1-15-17.2 do not apply and the burden rests with the Petitioners.

#### ANALYSIS

24. Real property is assessed based on its market value-in-use. Ind. Code § 6-1.1-31-6(c); 2011 REAL PROPERTY ASSESSMENT MANUAL at 2 (incorporated by reference at 50 IAC 2.4-1-2). The cost approach, the sales-comparison, and the income approach are three generally accepted techniques to calculate market value-in-use. *Id.* Assessing officials primarily use the cost approach, but other evidence is permitted to prove an accurate

valuation. Such evidence may include actual construction costs, sales information regarding the subject property or comparable properties, appraisals, and any other information compiled in accordance with generally accepted appraisal principles.

25. Regardless of the method used, a party must explain how its evidence relates to the relevant valuation date. *See O'Donnell v. Dep't of Local Gov't Fin.*, 854 N.E.2d 90, 95 (Ind. Tax Ct. 2006); *see also Long v. Wayne Twp. Ass'r*, 821 N.E.2d 466, 471 (Ind. Tax Ct. 2005). For a 2015 assessment, the valuation date was March 1, 2015. See Ind. Code § 6-1.1-4-4.5(f).
26. An appraisal performed in conformance with generally recognized appraisal principles is often enough to establish a prima facie case. *Meridian Towers*, 805 N.E.2d at 479. Here, the Petitioners presented a Uniform Standards of Professional Appraisal Standards (USPAP) compliant appraisal prepared by John Adamson, a certified licensed trainee, and signed by Kyle Shoults, a certified licensed appraiser. Mr. Adamson estimated the value of the property at \$15,000 as of March 1, 2015.
27. In an effort to discredit the appraisal, the Respondent argued the subject property is an “income-producing property,” and the appraisal is flawed because it does not consider either the income approach to value or a GRM. Indiana Code § 6-1.1-4-39 provides in part that the GRM “is the preferred method for valuing...real property that has at least one (1) and not more than four (4) rental units...” Because the GRM method is described only as the “preferred method,” rather than mandatory, the statute contemplates circumstances in which the GRM method should be disregarded. Consequently, the question the Board must address is not one of methodology, but whether the Petitioners established that the appraisal’s sales-comparison approach results in an accurate market value-in-use for the subject property. While the Board agrees that the appraisal would have been more credible if it had also considered an income approach to value or the GRM, the appraisal was USPAP compliant and the appraiser has the training and education to make an informed decision as to which approach to value is appropriate in

each situation. Additionally, no argument was made to detract from the credibility of the appraiser's purportedly comparable properties or the adjustments he made in his sales-comparison analysis. According to Mr. Adamson, the cost or income approaches were not considered because they were "not necessary for credible assignment results."

Accordingly, based on the appraisal, the Petitioners made a prima facie case that the assessment should be reduced to \$15,000. The Board notes, this determination is based on the appraisal itself and not on the opinion of the Petitioners' witness Mr. Avenatti.

28. Once a petitioner establishes a prima facie case, the burden shifts to the assessing official to rebut the petitioner's evidence. *See American United Life Ins. Co. v. Maley*, 803 N.E.2d 276 (Ind. Tax Ct. 2004). To rebut or impeach a petitioner's case, the respondent has the same burden to present probative evidence that the petitioner faced to raise its prima facie case. *Fidelity Fed. Sav. & Loan v. Jennings Co. Ass'r*, 836 N.E.2d 1075, 1082 (Ind. Tax Ct. 2005).
29. Mr. West offered little in support of the current assessment. He merely argued that the Respondent's methodology of using a GRM is the "best" approach for valuing the subject property.
30. As part of making a case, "it is the taxpayer's duty to walk the [Board] through every element of [its] analysis." *Long*, 821 N.E.2d at 471 (*quoting Clark v. Dep't of Local Gov't Fin.*, 779 N.E.2d 1277, 1282 n. 4 (Ind. Tax Ct. 2002)). This requirement applies equally to an assessor bearing the burden. Here, the record is void of any basis for the Respondent's selection of a GRM or any evidence as to how it was used to compute the assessment. Thus, the Respondent failed to rebut the Petitioners' case.

**SUMMARY OF FINAL DETERMINATION**

31. The Board finds for the Petitioners and the 2015 assessment must be reduced to \$15,000.

This Final Determination of the above captioned matter is issued by the Indiana Board of Tax Review on the date first written above.

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Chairman, Indiana Board of Tax Review

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Commissioner, Indiana Board of Tax Review

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Commissioner, Indiana Board of Tax Review

**- APPEAL RIGHTS -**

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court’s rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days of the date of this notice.

The Indiana Code is available on the Internet at <<http://www.in.gov/legislative/ic/code>>. The Indiana Tax Court’s rules are available at <<http://www.in.gov/judiciary/rules/tax/index.html>>.